



November 25, 2012

June Lagmay
City Clerk
Office of the City Clerk
200 North Spring Street
Room 360
Los Angeles, CA 90012

RE: 2013 Annual Planning Report for The City Business Improvement District

Dear Ms. Lagmay,

On November 18, 2012, the BID management company, a California Non-Profit organization met with our Advisory Board to review the proposed 2013 budget and activities. Through agreement number C-100000, the BID management company contracted with the City of Los Angeles to manage services provided to The City Business Improvement District.

During the meeting of November 18, 2012, the BID management company presented the attached 2013 Annual Planning Report to our Advisory Board. The report was unanimously approved at that meeting.

On behalf of the Advisory Board, I would like to present this Advisory Board approved 2013 Annual Planning Report for The City Business Improvement District to the Office of the City Clerk and to the Los Angeles City Council for their review and approval.

Please ask me if you have any questions.

Sincerely,

John Doe Smith, President
The City BID Advisory Board

2013 Annual Planning Report

The City Business Improvement District

District Name: This report is for The City Business Improvement District

Fiscal Year of Report: This report applies to the 2013 Fiscal year only.

Boundaries: The boundaries of The City Business Improvement District will remain the same for the 2013 fiscal year as in previous fiscal years and as listed in the Management District Plan, which are: Spring Street on the East, Temple Street on the North, Main Street on the West, and First Street on the South. A more detailed description of the boundaries is listed in the Management District Plan.

Benefit Zones: The benefit zones for The City Business Improvement District will remain the same for the 2013 fiscal year as in previous fiscal years. There are three benefit zones. The boundaries of those benefit zones are as follows:
Benefit Zone 1 Boundaries: all properties within the following benefit zone boundaries: Temple Street to the north, Spring Street to the west, South Diagonal Ave and Midway Street to the south, and Main Street to the east.
Benefit Zone 2 Boundaries: all properties fronting Spring Street, between South Diagonal Ave to the north and First Street to the south; all properties fronting First Street, between Spring Street to the west and Main Street to the east; and all properties fronting Constitution Way.
Benefit Zone 3 Boundaries: all properties fronting Main Street between Midway to the north and to the alley between Midway Street and First Street to the south, and all properties between the alley and First Street on the west side of Main Street.

Improvements and Activities for 2013: The following are the improvements and activities planned for The City Business Improvement District in order by category as listed in the Management District Plan:

- 1) **Security:** The security supplied in 2012 by Guards, Inc. will continue in 2013. There will be 24 hour security patrols 7 days a week. Two security guards will patrol the district during the day on bike and on foot. Four security guards will patrol the area on bike and on foot at night. Patrols cover all three benefit zones but the frequencies of patrols per zone are based on the individual budget allotment per benefit zone, which is influenced by the amount of foot traffic that each zone receives. Generally, the frequency of patrols will be highest in Benefit Zone 1 because it is the zone that receives the most foot traffic and therefore requires more security than Zones 2 or 3. Furthermore, Zone 2 receives more foot traffic than Zone 3. As a result, Zone 2 will receive a slightly higher level of security-related services than Zone 3, which will receive the least amount of security services due to its limited foot traffic. The difference between these levels of security services is reflected in the differing assessment charges related to each Zone, as specified in the Management District Plan.

Daily reports will be made of patrol findings and the findings will be posted on the District website. The head security officer will also supply a quarterly security report which will provide a summary of that quarter's findings. This report will be added to the quarterly newsletter that is mailed to all stakeholders in the District.

The cost of providing security for 2013 is estimated at \$250,000, or 24% of the total budget. This provides a benefit zone budget breakdown of \$162,500 for Benefit Zone 1, \$62,500 for Benefit Zone 2, and \$25,000 for Benefit Zone 3. Benefit Zone budgeted funds can only be used within the specific Benefit Zones for which the Advisory Board has budgeted and cannot be shared, transferred, or borrowed between Zones.

- 2) **Maintenance:** The maintenance supplied in 2012 will continue in 2013. The sidewalks will be swept each morning before dawn in each benefit zone and they will be pressure-washed twice a month in each benefit zone. The BID Management Company has entered into a new contract for 2013 with Sidewalk Sweepers, Inc. to provide this service. In addition to sidewalks, Sidewalk Sweepers, Inc. has agreed to street furniture cleanup, which will be provided in Benefit Zones 1 and 2 only. Bus benches and other street furniture in the District will be cleaned twice a month in Zone 1 and 2, as Zone 3 does not have street furniture. Additionally, our contract with Sidewalk Sweepers will look for and remove graffiti identified on public right of way spaces in all three zones. Plants in medians in Benefit Zone 1 will receive gardening maintenance twice a month from our contracted gardener, Blooms Co.

The total cost of providing this maintenance for 2013 is estimated at \$250,000 or 24% of the budget. This provides a benefit zone budget breakdown of \$162,000 for Benefit Zone 1, \$62,500 for Benefit Zone 2, and \$25,000 for Benefit Zone 3. Benefit Zone budgeted funds can only be used within the specific Benefit Zone for which the Advisory Board has allotted and cannot be shared, transferred, or borrowed between Zones.

In addition to the 2013 assessment budget, the Board identified and approved \$20,000 of 2012 rollover funding to be used in the Maintenance category for 2013. The rollover revenue is a large portion of rolled over funds from the 2012 Contingency category, which contains leftover funds due to a very successful rate of assessment collections. The rollover funding will be used in Maintenance to provide additional services as needed in the sections already mentioned. This will allow for staff to provide extra service for unplanned additional service needs. Such additional service needs were realized recently when the Marathon came through our District and when the bi-monthly Farmers Market was established. Neither of these is a BID funded/promoted activity but both have left their mark in our area when held.

The \$20,000 rollover funding will be allocated in distribution to the benefit zones in the same manner it remained in budget categories at the end of 2012. Benefit Zone 1 will receive \$10,000 of the available rollover funding, while Zones 2 and 3 will each receive an additional \$5000 for maintenance services based on their proportion of the total budget, as listed in Appendix A.

The total cost with the added rollover for 2013 is estimated at \$270,000. This includes a benefit zone budget breakdown of \$172,500 for Benefit Zone 1, \$67,500 for Benefit Zone 2, and \$30,000 for Benefit Zone 3. Benefit Zone budgeted funds can only be used within the specific Benefit Zones for which the Advisory Board has budgeted and cannot be shared, transferred, or borrowed between Zones.

- 3) **Marketing:** The marketing supplied in 2012 will continue in 2013. Development of the website will continue and development of new website functions is still being explored. Advertisement of the District in radio and magazine ads is planned to continue also, but no agreements for 2013 have been executed. Additionally, the District will publish new guides for 2013 which will be distributed and displayed in mid January.

The cost of providing marketing for 2013 is estimated at \$250,000 or 25% of the Budget. This provides a benefit zone budget breakdown of \$162,500 for Benefit Zone 1, \$62,500 for Benefit Zone 2, and \$31,000 for Benefit Zone 3. The Zone budget breakdown reflects the relative benefit each Zone is expected to receive due to marketing. Benefit Zone budgeted funds can only be used within the Benefit Zone for which the Board has budgeted and cannot be shared, transferred, or borrowed between Zones.

Additionally, the District is seeking a grant of \$2,500 for holiday decorations which will be used to market the Districts holiday activities. The holiday decorations, if approved via the grant, will be spread through the entire BID area and will be proportioned through the benefit zones by the total budget breakdown percentages, as presented in the Management Plan and Engineers Report. Benefit Zone 1 would receive \$1,625, Benefit Zone 2 would have \$625 and Benefit Zone 3 would have \$250.

The total cost for Marketing with the Holiday decorations included for 2013 is estimated at \$252,500. This provides a benefit zone budget breakdown of \$164,125 for Benefit Zone 1, \$63,125 for Benefit Zone 2, and \$25,250 for Benefit Zone 3. Benefit Zone budgeted funds can only be used within the Benefit Zone for which the Advisory Council has approved funds and cannot be shared, transferred, or borrowed between Zones.

- 4) **Administration:** The District will continue to work in 2013 with the contracted BID management company for administration of the District services. The BID Management Company provides an office and a dedicated phone number for the District. It also holds contracts for Security, Maintenance, and Marketing services with various companies and ensures that all work is completed. Additionally, the BID management company works with the City of Los Angeles and handles all financial and administrative requirements expected of The City Business Improvement District as stipulated in its agreement C-100000 with the City.

The cost of administration for The City Business Improvement District in 2013 is estimated at \$150,000 or approximately 15% of the 2012 Budget. As outlined in the Management District Plan and Engineers Report, this cost is broken down by

the total budget percentages allotted to each Zone. This provides a 2013 benefit zone budget of \$97,500 for Benefit Zone 1, \$37,500 for Benefit Zone 2, and \$15,000 for Benefit Zone 3 for the administration of The City Business Improvement District.

- 5) **Contingency:** Contingency funds for 2013 will continue to be 10% of the budget and is used to cover uncollected assessments and unexpected expenditures. The 10% contingency for 2012 will be \$100,000. \$5,000 of the \$25,000 carried over from 2011 will be added to this category.

Total Estimate of Cost for 2012: A breakdown of the total estimated 2013 budget is attached to this report as Appendix A.

Method and Basis of Assessment: The Method and Basis for levying the 2013 assessment for The City Business Improvement District remains the same as listed in the Management District plan, which is as follows:

Benefit Zone 1	Benefit Zone 2	Benefit Zone 3
<u>Privately Owned Parcels:</u> - Building Square Footage @ \$0.10 per square foot - Lot Square Footage @ \$0.05 per square foot <u>Publicly Owned Parcels:</u> - Street Frontage @ \$1.00 per linear foot	<u>Privately Owned Parcels:</u> - Building Square Footage @ \$0.18 per square foot <u>Publicly Owned Parcels:</u> - Street Frontage @ \$0.90 per linear foot	<u>Privately Owned Parcels:</u> - Street Frontage @ \$5.50 per linear foot

Amount of Surplus/Deficit from previous Fiscal Year: Based on projected expenditures for December and the balance of accounts as of November 15th, the District is expected to have a surplus of \$25,000 from the 2012 fiscal year. \$20,000 of the 2012 surplus will be rolled over towards maintenance services in 2013. The remaining \$5,000 surplus will remain in the Contingency category. There is no deficit from 2012 to be carried over. The surplus of \$25,000 is from the contingency category due to a successful rate of collections in 2012. If another year of successful collections occurs in 2012, the Board will consider actions to use the remaining \$5,000 contingency surplus elsewhere within the budget categories for the 2013 budget year.

Amount of Contributions from other sources: The District anticipates receiving a grant for the creation and procurement of holiday decorations specifically for the use of marketing the District during the end of 2013. The approval of the grant is pending and the District expects notification of the award in August. If approved, the grant will be for \$2,500.

APPENDIX A – TOTAL ESTIMATE COST FOR THE CITY BID – FY 2013

REVENUES

	<u>Zone 1</u>	<u>Zone 2</u>	<u>Zone 3</u>	<u>Total</u>
2013 Assessments	\$650,000	\$250,000	\$100,000	\$1,000,000
2012 Estimated Carryover	15,000	5,000	5,000	\$ 25,000
2013 Estimated Contributions				\$ 2,500
Total Estimated 2013 Budget				\$1,027,500

EXPENDITURES

Estimated Expenditure Category	Benefit Zone 1 65% of budget	Benefit Zone 2 25% of budget	Benefit Zone 3 10% of budget	Total
SECURITY				
- Patrol Guard Salaries	\$130,000	\$50,000	\$20,000	
- Bikes and Equipment Rental	\$ 32,500	\$12,500	\$ 5,000	
Security Subtotal	\$162,500	\$62,500	\$25,000	\$ 250,000
MAINTENANCE				
- Daily Sidewalk Sweeping	\$ 40,000	\$ 30,000	\$ 15,000	
- Sidewalk Pressure Washing	\$ 20,000	\$ 10,000	\$ 5,000	
- Street Furniture cleaning	\$ 30,000	\$ 12,500	n/a	
- Graffiti Removal	\$ 20,000	\$ 10,000	\$ 5,000	
- Median Gardening	\$ 52,500	n/a	n/a	
- 2011 Rollover	\$ 10,000	\$ 5,000	\$ 5,000	
Maintenance Subtotal	\$ 172,500	\$ 67,500	\$ 30,000	\$ 270,000
MARKETING				
- Website Maintenance/Development	\$ 9,750	\$ 3,750	\$ 1,500	
- Radio/Magazine Ads	\$104,000	\$40,000	\$16,000	
- Printed Guides	\$ 48,750	\$18,750	\$ 7,500	
- Holiday Decorations (pending Grant approval)	\$ 1,625	\$ 625	\$ 250	
Marketing Subtotal	\$164,125	\$63,125	\$25,250	\$ 252,500
ADMINISTRATION				
- Office space rental	\$16,250	\$ 6,250	\$ 2,500	
- Equipment/Phone	\$ 6,500	\$ 2,500	\$ 1,000	
- Staff Salaries	\$65,000	\$25,000	\$10,000	
- CPA Report, City fees, etc	\$ 9,750	\$ 3,750	\$ 1,500	
Administration Subtotal	\$97,500	\$37,500	\$15,000	\$ 150,000
CONTINGENCY				
- 10% of 2012 Assessments	\$65,000	\$25,000	\$10,000	
- 2011 Rollover	\$ 5,000	n/a	n/a	
Contingency Subtotal	\$70,000	\$25,000	\$10,000	\$ 105,000
FINAL TOTAL	\$666,625	\$255,625	\$105,250	\$1,027,500